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November 15, 2017

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

**RE: Petition of the Office of Regulatory Staff to Establish Generic
Proceeding Pursuant to the Distributed Energy Resource Program
Act, Act No. 236 of 2014, Ratification No. 241, Senate Bill No. 1189
Docket No. 2014-246-E**

Dear Ms. Boyd:

By Order No. 2015-194 ("Order"), issued in the above-referenced docket, the Public Service Commission of South Carolina ("Commission") approved the Settlement Agreement in that docket and required Duke Energy Carolinas, LLC ("DEC" or "the Company") to file reports with the Commission and the South Carolina Office of Regulatory Staff "when the following participation levels are reached to identify and illustrate the costs unrecovered, if any, arising from customer adoption of net metered DER generation through December 31, 2020: (1) 0.5%; (2) 1.0%; (3) 1.5%; and (4) 2.0% of the Utility's previous five-year average South Carolina retail peak demand, as defined by [Act No. 236 of 2014]."

The purpose of this letter is to inform the Commission that DEC has surpassed the 1.0% participation level as of the end of October 2017. The estimated gross generating capacity of the Company's net-metered customer-generators as of October 31, 2017, was 40,096 kilowatts, or 1.0% of the Company's previous five-year average retail peak demand of 4,000 megawatts.

Pursuant to the Settlement Agreement approved by the Commission in the above referenced docket, the Company is allowed to recover any "under-recovered revenue from the net metering customer" through the Company's fuel clause as a DER NEM Incentive. To address the cost shifting associated with adoption of net metered DER generation under the Company's NEM rates and to ensure that there continues to be no

The Honorable Jocelyn Boyd
November 15, 2017
Page2

unrecovered costs arising from customer adoption of net metered DER generation after expiration of the Settlement Agreement, the Company will file new net metering tariffs to replace the existing tariffs no later than January 31, 2020, as required by the Settlement Agreement.

By copy of this letter and pursuant to the Order, DEC is providing ORS with this report. If you have any questions, please do not hesitate to contact us at your convenience.

Sincerely,



Rebecca J. Dulin

cc: Service List